



Bob Holden
Governor

DIVISION OF WORKFORCE DEVELOPMENT

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Director

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Director

November 4, 2004

DWD ISSUANCE 03-04

Subject: Allowable limits for Excess Cash.

1. **Purpose:** To provide policy regarding the allowable limits of Excess Cash.
2. **Background:** 29 CFR 95.22(a) states that "Payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. Payment methods of state agencies or instrumentalities shall be consistent with Treasury-State CMIA agreements or default procedures codified at 31 CFR 205."
3. **Substance:** The contracting agency is responsible for its own cash balances and those of its subcontractors. Excess cash balances are not acceptable. "Federal cash balances in excess of three (3) days is an existing standard used by federal agencies in interpreting the Treasury Department's requirements under 31 CFR 205 to advance only enough cash to meet actual, immediate cash needs." The Division of Workforce Development (DWD) defines excess cash balance as any amount in excess of +/- five (5) times the average daily need. An exception is made for the month of July which will be allowed to have ten (10) times the average daily need due to the annual shut down of the state's accounting system. Excess Cash is monitored periodically, but at no time is a time frame of less than one (1) month used for analysis. If any agency shows a recurring problem with Excess Cash, DWD may impose additional restrictions on cash flow.
4. **Action:** This information should be used to develop and/or revise policies and procedures and be distributed to appropriate staff.

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5. **Contact:** If you have any questions, contact Rick Beasley at (573) 751-3349 or Steve Kraus at (573) 751-6694.

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